The Saturday Review

Financial Supplement

Conducted by Hartley Withers

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The Outlook

Thanks to the elaborate assiduity with which Sir Robert Horne's Budget secrets were blabbed beforehand, their actual announcement had little effect. Everybody was pleased to have to pay a shilling less in income tax, but had known so certainly that it would be so that the pleasure was less vigorous than it might have been, and nobody likes to see debt redemption brought down to (or rather below) a duck's egg, though many think that this course was justified in the circumstances. It seems to be necessary to explain that the sinking funds attached, by the terms of the prospectus, to Conversion loan, Victory bonds, etc., are not to be abrogated, but provided out of borrowed money. It is rather astonishing that such an explanation should be necessary; but the Treasury's amazing action in trying to rob holders of National War bonds due next October of their right of conversion, clearly promised in the prospectus, during the first fourteen days of that month, perhaps justifies those who thought that all sinking funds were just to be wiped out. In the meantime the foreign political outlook has been disquieting enough even to affect the stock markets, though in Lombard Street where weak bulls are less plentiful bills have been in keen demand on a reference in the Budget speech to further conversion operations. The further development of the engineering trade dispute is a fresh drag on trade revival, though the activity of foreign financing here and in New York is an influence on the other side.

Money and Exchange

Extreme abundance has returned to the money market since the beginning of May, chiefly, it appears, because the Treasury has had to borrow largely from the Bank of England, which shows an increase of £16 millions in its Government securities. Other securities ran down by £3½ millions, and there was a net addition of £12 millions to the private deposits, in which the bankers' balances are included, thus fully accounting for the extreme ease that has marked the week's history. Discount business was exceedingly quiet with an easy tendency, hopes of a further reduction in Bank Rate being stimulated by Sir Robert Horne's reference to further conversion financing. Among rates of exchange, the New York price of sterling shows a further improvement, but Continental currencies were inclined to dwindle in value owing to political uncertainties.

The Government Accounts

In the last week of April revenue exceeded expenditure by a million and a half, and the Government also received £7½ millions on Treasury bonds and £12¼ millions on advances from the Bank of England. It was thus enabled to repay £8¼ millions of Treasury bills, £7¾ millions of departmental advances, and £4¾ millions of debt held abroad.

THE BUDGET

An Open Secret.

In bygone days when the public affairs of this country were conducted with some approach to dignity the keeping of the Budget secret was a point on which those who ruled us specially prided themselves. Now that the Government of the day appears to find it necessary to keep a certain portion of the Press constantly fed with special information, the Chancellor of the Exchequer comes down to the House on Budget day no longer to inform it concerning the measures with which he proposes to meet the problems of the financial year, but to justify, or try to justify, measures which have long been made public by the papers on which the Government relies for support. In these rather humiliating circumstances, the Chancellor of the Exchequer nevertheless succeeded in making a speech which merited the congratulations bestowed upon it by Mr. Asquith and other speakers. He certainly had a difficult task to face. The estimates for the year, already passed, with the provision of a fair margin for contingencies and the requirements of debt interest, evidently were going to absorb all the revenue on which the Government could safely count on the basis of existing taxation, leaving only a small margin for redemption of debt. A year ago when the Treasury circularized the Departments in order to induce them to effect economies, the statement that it then produced pointed to £100 millions as the least that ought to be devoted to debt redemption during the year on which we have just entered. This ideal clearly had to be modified unless fresh taxation was to be imposed. How then was the Chancellor going to provide the relief from taxation which had been foreshadowed? Here again the inspired supporters of the Government were ready to oblige and fortunately let a very mangy cat out of the bag by indicating that the miracle was to be worked by some device for capitalizing the charge for pensions; in other words, by borrowing during a time of peace in order to meet our liabilities. This suggestion was immediately met by a storm of protest and the Chancellor appears for a time to have inclined to the view that he could not remit taxation at all. Hints to this effect, at least, were published apparently under official inspiration in the daily Press. But in the week before the Budget confident predictions foretold almost exactly what he finally announced. His proposals included a remission of 1s. in the income-tax, 4d. per pound on tea, lower postal charges, alterations in the system on which farmers will be assessed for income-tax and other minor adjustments.

The Chancellor's Simple Scheme.

This result was achieved by the simple process of dropping all attempt to reduce the debt. The Chancellor found himself faced with an expenditure of £910 millions, made up of Supply Services for ordinary pur-

poses of £460 millions odd, and for Special Services £61 millions odd, making a total of £521½ millions. To this he added £25 millions for contingencies, making a total estimate for Supply Services of £546½ millions. To this figure he added the Consolidated Fund Charge of £363½ millions, of which interest on debt accounts for £335 millions, including £25 millions for interest on debt to the United States Government from October next, but no provision for debt redemption. On the income side he estimated revenue on the existing basis of taxation at £956½ millions, of which £90 millions represents Special revenue and the balance Ordinary. This figure compares with £1,125 millions actually received in 1921-2, of which Special Receipts produced £171 millions. He pointed out that nearly every item in Customs and Excise had fallen off in yield during the last three or four months and expressed the belief "that while consumption kept up in a remarkable way in a year such as we had last year, the savings of the people became exhausted and the spending power is now curtailed." He consequently anticipated a decrease of £46 millions on Customs and Excise, as compared with the receipts of last year, about £18 millions of which is due to loss of revenue from Southern Ireland. Inland Revenue he estimated at a total of £481 millions against a realized figure during the preceding year of £521 millions. These figures include Income-tax and Super-tax at £362 millions, Corporation Profits Tax at £19¾ millions and Excess Profits Duty £30 millions. Having thus arrived at a revenue of £956½ millions and an expenditure of £910 millions, he found himself with a surplus of £46½ millions without making any provision for the redemption of debt. Practically the whole of this balance he took in granting the reductions in taxation above referred to leaving himself with a margin in hand of a little over half a million. Thus he will be obliged to borrow in order to meet his obligations, statutory and contractual, in respect of debt redemption. He justified his action by stating that unemployment is widespread and is breaking the hearts and embittering the lives of hundreds of thousands of our workmen, and the professional middle classes are enduring privation to-day such as they have never had to face before. This is surely an over-statement of the case when we look back to the privations these classes suffered during the war. "The unparalleled depression which visited us throughout the whole course of last year is still with us. Happily, there are to-day hopeful signs of revival, which, with a little encouragement, might develop into solid progress. The burdens of taxation which have been borne by the British people both during and since the war in a degree which has excited the admiration of the whole world are now felt to be so oppressive as to check enterprise and deepen despondency. Is it essential that we should maintain this taxation? Is it not possible, by slackening it, to give some much-needed stimulus to trade, thereby lessening our expenditure, and in the next year at least, if not in this, gaining some revenue as the result of the augmented profits of revived industry? . . . It is possible by putting too heavy burdens on the tax-payer to defeat the very object at which you aim, no matter how praiseworthy it is. I am of opinion that we ought not to ask the tax-payer to redeem any part of our debt. I do not mean to say that he is not to find the revenue to meet the expenditure. That must be. All I say is that after the superhuman efforts of the last few years and in the very exceptional circumstances of the times we shall offend against no sound canon of finance if we content ourselves in this year with raising the revenue which is necessary to meet our expenditure. . . . At the end of the year our debt will not be decreased, but it will not be any greater."

A "Complete Piece of Humbug"?

When one proceeds to criticize these proposals one is faced by such a crowd of objections to them that one is almost inclined to adopt Mr. Austin Hopkinson's description of the Budget as "a complete piece of humbug." In view of what the Chancellor has himself said concerning the much more serious problem that he will have to face next year, it is clear that on the figures of the case he had no justification for reducing taxation at all. Mr. Clynes rather unkindly reminded him that on April 4, when a motion was submitted to the House proposing that old-age pensioners ought not to be penalized for the reason that they received some of their small weekly income as a result of their past thrift, the Chancellor of the Exchequer, in opposing the resolution, made the following statement:—"The year 1923-24 is going to confront us with far more serious financial problems than even the year 1922-3. The revenue to be obtained from income-tax then will have two bad years in the three upon which the average will be based instead of one. Miscellaneous receipts, so far as they are of a special kind, we may anticipate will have disappeared altogether, and instead of £25 millions interest on our debt to the United States, we shall have to find £50 millions." The Chancellor has thus deliberately made the serious problem that he will have to face a year hence still more so, by granting relief to taxation, which will cost a good deal more in a full year than in the year on which he has now entered. As to the method of relief proposed, the concessions made to farmers and landowners have naturally been criticized in the City, on the ground that, though it is certainly true that these classes are now suffering, it is equally true that the industrial classes are suffering also, and during the war farmers were especially privileged by not being subjected to Excess Profits Duty. As to the stimulus to trade to be secured by the reduction of 1s. in the income-tax, this seems to be largely imaginary. The idea that enterprise has been checked by the fact that the tax-gatherer takes 6s. out of any £ of profit earned by industry, but will be substantially less checked when the tax-gatherer takes 5s., is only credible if we could suppose that trade could reckon confidently that the shilling now taken off is a certain earnest of further relief to be given next year. Under the circumstances this is very far from being the case, and the relief of a shilling on the income-tax, efficient as it may be from an electioneering point of view, can only be expected to have very little effect upon trade enterprise, the most serious difficulty ahead of which is that of finding solvent customers abroad. If the Chancellor really wanted to relieve trade, he would have begun his remissions of taxation by wiping out the Corporations Profit Tax—a tax which is so unfair and so unsound that the Government itself has had to admit its undesirability by making the securities that it has recently issued free from this obnoxious impost. In its methods of relief the Government has thus laid itself open to serious criticism, and it is open to still more searching criticism in the matter of the means by which it has provided for the possibility of relief. As was shown in the review published last week of Sir Josiah Stamp's book on *Wealth and Taxable Capacity*, in the opinion of that unrivalled authority, taxation for the purpose of redeeming debt held at home usually has the effect of increasing the total saved capital of the country. This, therefore, is the one form of expenditure which tends to provide the country with an advantage most necessary for industry, namely, an increase in the amount of real saved capital; and so the country's capital fund is raided by the Chancellor of the Exchequer on the plausible pretext of thus giving a stimulus to industry and reducing the amount of unemployment." Moreover, when Sir Robert Horne contends that at the end of the year "our debt will

not be decreased, but it will not be any greater," he is saying what is obviously untrue. As will be shown below, the very flattering calculations that have been made concerning the amount of our war debt that has been paid off since the Armistice are always officially arrived at by the airy method of leaving out the question of accrued interest on our debt to America. It is the same in the case of the present year. We are only going to pay interest on our debt to America as from October next. That interest will amount to £25 millions, and it therefore follows that the £25 millions due on the first half of the year will be added to the debt which we owe to America, and our national debt will have been increased by at least that amount.

THE POSITION OF THE DEBT.

On this question of the position of the National Debt the Chancellor told the House that it is gratifying to be able to record that in the three years since 31st March, 1919, we have reduced the External Debt by no less than £274½ millions. And so it was extremely gratifying until we heard a few seconds later on that "the above figures, however, do not include interest temporarily in suspense on debt due to the United States." In three years, at simple interest, this detail will appear to amount to £150 millions, which, when substracted from the £274 millions given above, gives to the achievement a very different appearance. With regard to the total deadweight debt the Chancellor was able to tell the House that it had been reduced during the past financial year by £45½ millions, being the extent of the realized surplus, plus £25 millions included for debt redemption on the expenditure side of the Budget and some further oddments, such as reduction of the Civil Contingencies Fund, which brought the total applied to debt redemption in the year up to £88½ millions. He went on to say that the maximum figure reached by the National Debt of the country was £7,988 millions on December 31, 1919. By March 31, 1921, this figure had been reduced to £7,574 millions, and the corresponding figure on March 31, 1922, was £7,654 millions. There was thus an increase during the year of £80 millions odd in the nominal debt. The explanation of this increase is that the issue of 3½ per cent. Conversion Loan "brought up the nominal debt of the country, while it did not in any way increase the real burden." The Chancellor was surely incorrect in stating that the Conversion Loan did not in any way increase the real burden of the debt, seeing that holders of 5 per cent. War Bonds were given an option of converting into Conversion Loan on a basis which gave them an income of well over 5½ per cent for many years to come. It is clear that this exceedingly questionable operation could not fail to have the effect of increasing the burden of debt, and it was only justified on the ground that it made the Treasury feel more comfortable about the maturing obligations. With regard to the very great satisfaction expressed by the Chancellor concerning the large reduction in the amount of the floating debt it must not be forgotten that the floating debt, though an unpleasant blot upon the financial position of the country, was a comparatively cheap method of owing debt. For example, Treasury Bills can now be placed at a rate of discount well below 2½ per cent.—a fact which does not make the conversion of many millions of Treasury Bills into Treasury Bonds running at 5 and 5½ per cent. look a very successful financial operation. It is true that owing to the recent rise in Government securities there has been some possibility lately of real conversion, ensuring an actual reduction in the interest charge. But even this advantage is due not to any cleverness on the part of the Government but to trade depression making money cheap.

But the most glaring inconsistency between the Chancellor's speech and action was contained in his reference to the enormous advantage secured to the taxpayer and trader of this country by the improvement in the value of the £ sterling on the exchange markets of the world, which he claimed as one of the first fruits of the reduction of our external debt. He showed that our total debt to the United States is $4,166 millions, which, valued at $3.20, is equivalent to £1,302 millions. At an exchange of $4.40 the sterling equivalent is about £947 millions, and when the exchange is restored to par, as Sir Robert hopes it will be "before very long," the sterling equivalent will be £856 millions. The Chancellor then proceeds to pretend to balance his Budget by dropping altogether the policy of debt redemption, after having demonstrated, to his own satisfaction, the enormous advantage conferred upon the taxpayer represented by a saving already of £355 millions in the amount due to America by the improvement in the exchange value of the £ sterling, which he attributes to our policy of redeeming external debt. City opinion, however, was somewhat inclined to make merry concerning this contention of the Chancellor's, pointing out very truly that in so far as we redeem our debt to America we increase the demand for dollars and so put the price of sterling down. This is undoubtedly correct from the technical point of view, but there is something to be said for the Chancellor's contention that the soundness of our finance since the Armistice has had a psychological effect upon speculators in exchanges by increasing the prestige of British credit. If this were really so, it is all the more pity that he should have found it necessary, in order to placate the groundlings in the constituencies, to have forsaken altogether the path of debt redemption on the probably illusory pretext of stimulating trade, for we have also to remember that included in the receipts of the present year are Special Receipts of £90 millions, against which the Chancellor only puts £61 millions of Special Expenditure. He is thus taking and including in revenue at least £29 millions of income which will be received from the sale of assets and so ought to have been devoted to debt redemption. Thus, in addition to the £25 millions of interest to America which he is going to add to our debt, we have to add this £29 millions representing revenue which he will take out of capital account. And when he speaks concerning the enormous sacrifices that have been made by the country during the period since the Armistice, he should remember, as he was opportunely reminded by Mr. Asquith, that during the same period about £700 millions have been received from the sale of assets purchased mostly with borrowed money, and have been treated every year as part of the revenue of the country, and have gone to help the Chancellor of the Exchequer's balance-sheet. Mr. Asquith drew attention to this fact in pointing out that we have nearly got to the end now of these drafts on capital account, and that the prospect for next year is also thereby made still more serious. This was very much to the point, and it is equally to the point to remember when the Chancellor is blowing his own and his predecessors' trumpets concerning the reduction of debt that, in fact, none of the debt redemption has been effected out of taxation, but the whole of it has been made on drafts on capital account, a large balance of which has gone to the relief of taxation. The Budget is thus, from every point of view, a bad piece of work. Having failed to produce the necessary relief to taxation by the only sound method of cutting down expenditure, the Government has proceeded to secure it by cutting down debt redemption, a process which tends to increase the amount of capital available for industry; the forms of relief to taxation which it has granted are highly open to objection, and it has not even, by many millions, achieved the very pitiful ideal which it sets up of meeting expenditure out of revenue. By these dubious and plausible devices it will strengthen the hand of the waster and severe pressure will still be necessary to force it into the only true line of sound finance which lies through the gate of economy.

HARTLEY WITHERS

FIGURES AND PRICES

PAPER MONEY (in millions).

		Latest Note Issue.	Stock of Gold.	Ratio Gold to Notes.	Previous Note Issue.	Note Issue Mar. 31, 1921.
European Countries				%		
Austria	Kr.	321,925	?	—	307,906	41,067
Belgium	Fr.	6,297	267	4	6,321	6,105
Britain (B. of E.)	£	102	157	38	107	110
Britain (State)	£	301			325	343
Bulgaria	Leva	3,615	61†	1†	3,570	3,217
Czecho-Slov.	Kr.	9,797	943†	9†	10,125	10,922
Denmark	Kr.	404	228	56	446	517
Esthonia	Mk.	700	426†	60†	350	—
Finland	Mk.	1,433	43	3	1,438	1,476
France	Fr.	35,787	5,526	15	35,951	38,435
Germany	Mk.	132,628	1,000	—	131,837	69,417
Greece	Dr.	2,255	1,368†	60†	2,118	1,603
Holland	Fl.	987	605	60	1,001	1,037
Hungary	Kr.	29,972	?	—	29,835	15,650
Italy (Bk.)	Lire	14,050	1,415†	10†	13,976	14,649
Jugo-Slavia	Dnrs.	4,871	74	1	4,785	3,500
Norway	Kr.	380	147	38	390	433
Poland	Mk.	257,332	29	—	247,209	74,087
Portugal	Esc.	749	9	1	752	635
Roumania	Lei	13,751	4,602	33	13,721	10,962
Spain	Pes.	4,180	2,522	60	4,195	4,255
Sweden	Kr.	573	274	43	584	717
Switzerland	Fr.	765	545	69	787	985
Other Countries						
Australia	£	56	23	41	58	59
Canada (Bk.)	$	164	165	36	194	206
Canada (State)	$	269			269	278
Egypt	£E	33	3	9	34	34
India	Rs.	1,741	24	13	1,740	1,662
Japan	Yen	1,114	—	—	1,118	1,106
New Zealand	£	8	8†	100†	8	8
U.S. Fed Res.	$	2,181	2,991	137	2,200	2,930

†Total cash.

GOVERNMENT DEBT (in thousands)

	Apr. 29, 22.	Apr. 22, '22.	Apr. 30, '21.
	£	£	£
Total deadweight	7,636,237	*7,642,788	7,569,876
Owed abroad	1,085,433	*1,090,184	1,126,411
Treasury Bills	758,519	767,024	1,099,712
Bank of England Advances	14,750	2,500	19,250
Departmental Do.	178,101	185,951	171,069

NOTE.—The highest point of the deadweight debt was reached at Dec. 31, 1919, when it touched £7,998 millions. On March 31, 1921, it was £7,574 millions, and on March 31, 1922, £7,654 millions. The increase of £80 millions shown by the latter figures is nominal and due to a conversion scheme. During the year £88 millions was actually devoted to redemption of Debt.

*Revised in accordance with the Budget statement.

GOVERNMENT ACCOUNTS (in thousands)

	Apr. 29, '22.	Apr. 22, '22.	Apr. 30, '21.
	£	£	£
Total Revenue from Ap. 1	74,514	63,024	90,652
,, Expenditure ,, ,,	61,002	51,312	91,765
Surplus or Deficit	+13,512	+11,712	—1,113
Customs and Excise	17,534	15,113	24,231
Income and Super Tax ...	32,350	30,530	36,933
Stamps	962	532	1,057
Excess Profits Duties ...	954	304	9,205
Post Office	3,500	2,300	3,250
Miscellaneous—Special ...	4,411	2,966	8,406

BANK OF ENGLAND RETURNS (in thousands)

	May 4, '22.	Apr. 26, '22.	May 4, '21.
	£	£	£
Public Deposits	14,356	14,669	15,438
Other ,, ...	131,694	119,698	125,370
Total	146,150	134,367	140,808
Government Securities ...	63,543	47,534	61,667
Other ,, ...	74,969	78,461	79,558
Total	138,512	125,995	141,225
Circulation	122,092	121,307	129,528
Do. less notes in currency reserve	102,642	101,857	110,078
Coin and Bullion	128,873	128,873	128,357
Reserve	25,232	26,016	17,279
Proportion	17.2%	19.3%	12¼%

CURRENCY NOTES (in thousands)

	May 4, '22.	Apr. 26, '22.	May 4, '21.
	£	£	£
Total outstanding	301,328	303,229	338,442
Called in but not cancld.	1,634	1,638	2,143
Gold backing	28,500	28,500	28,500
B. of E. note, backing ...	19,450	19,450	19,450
Total fiduciary issue	251,744	253,641	288,049

BANKERS CLEARING RETURNS (in thousands)

	May 3, '22.	Apr. 26, '22.	May 4, '21.
	£	£	£
Town	717,417	736,639	661,744
Metropolitan	31,637	30,863	32,141
Country	54,083	53,723	55,105
Total	803,137	821,225	748,990
Year to date	14,042,319	13,239,182	12,609,668

LONDON CLEARING BANK FIGURES (in thousands)

	Mar., 22.	Feb., '22.	Apr., '21.
	£	£	£
Coin, notes, balances with Bank of England, etc....	207,906	210,351	204,983
Deposits	1,791,860	1,847,789	1,751,719
Acceptances	57,558	63,352	63,585
Discounts	353,901	403,622	278,302
Investments	386,013	378,151	322,784
Advances	764,508	765,677	869,901

MONEY RATES

	May 4, '22.	Apr. 27, '22.	May 4, '21.
	%	%	%
Bank Rate	4	4	6½
Do. Federal Reserve N.Y.	4½	4½	7
3 Months' Bank Bills ...	2 5/16	2⅜	5½
6 Months' Bank Bills ...	2 5/16	2⅜	5½-⅝
Weekly Loans	2¼-½	2¼-½	3½-4

FOREIGN EXCHANGES (telegraphic transfers)

	May 4, '22.	Apr. 27, 22.	May 4, 21.
New York, $ to £	4.43¾	4.42½	3.97⅞
Do., 1 month forward ...	4.43¾	4.42½	—
Montreal, $ to £	4.51½	4.49½	4.42½
Mexico, d. to $	26½d.	26½d.	30¼d.
B. Aires, d. to $	44⅜d.	44⅛d.	42¾d.
Rio de Jan., d. to milrs....	7 7/16d.	7 7/16d.	8 3/16d.
Valparaiso, $ to £	39.40	39.30	—
Montevideo, d. to $	42⅜d.	42¾d.	39½d.
Lima, per Peru £	18% prem.	19½% prem.	—
Paris, frcs. to £	48.53	48.05	49.80
Do., 1 month forward ...	48.53	48.05	—
Berlin, marks to £	12.85	1,255	261½
Brussels, frcs. to £.....	53.12	52.30	49.80
Amsterdam, fl. to £	11.57	11.61½	11.26
Switzerland, frcs. to £ ...	22.99	22.74	22.43½
Stockholm, kr. to £......	17.12	17.09	16.91½
Christiania, kr. to £	24.00	23.35	25.83½
Copenhagen, kr. to £...	20.88	20.82	21.83½
Helsingfors, mks. to £...	213	222	187
Italy, lire to £	83⅞	83	81⅝
Madrid, pesetas to £ ...	28.58	28.52	28.51
Greece, drachma to £ ...	99½	99	66.00
Lisbon, escudo to d.	4 3/16	4½d.	5⅝d.
Vienna, kr. to £...	37,000	34,000	1,437½
Prague, kr. to £............	228	227	283½
Budapesth, kr. to £......	3,500	3,350	—
Bucharest, lei to £	640	620	240
Belgrade, dinars to £ ...	290	285	—
Sofia, leva to £	620	620	—
Warsaw, marks to £ ...	17,750	17,500	3,400
Constntnple, piastres to £	645	655	530
Alexandria, piastres to £	97½	97½	97½
Bombay, d. to rupee Calcutta, d. to rupee	15¼d.	15 3/16d.	15⅜d.
Hongkong, d. to rupee ...	30½d.	32d.	30⅝d.
Shanghai, d. to tael	40½d.	40½d.	39⅝d.
Singapore, d. to $	27¾d.	27⅝d.	27 25/32d.
Yokohama, d. to yen ...	25 11/16d.	25¾d.	29⅝d.

UNEMPLOYMENT

	Apr. 24. 1922.	April 17, 1922.	Mar. 20, 1922.	June 24, 1921.
Men	—	—	1,367,974	1,549,307
Women	—	—	293,088	477,627
Juveniles	—	—	99,014	150,965
Total	*1,640,100	*1,633,926	1,760,076	2,177,899
On relief work	134,059	—	139,584	—

*Great Britain only. Previous figures included Ireland.

COAL OUTPUT

Week ending	Apr. 22, 1922.	Apr. 15, 1922.	Apr. 8, 1922.	Apr. 22* 1921.
	tons.	tons.	tons.	tons.
	3,543,900	4,383,800	4,961,900	—
	75,081,300	71,537,400	67,153,600	48,105,280

* Dispute.

IRON AND STEEL OUTPUT

	1922. Mar.	1922. Feb.	1922. Jan.	1921. Mar.
	tons.	tons.	tons.	tons.
Pig Iron	389,000	300,100	288,000	386,000
Yr. to date	977,100	588,100	288,000	1,491,700
Steel	549,400	415,000	327,500	359,100
Yr. to date	1,291,900	742,500	327,500	1,335,100

PRICES OF COMMODITIES

METALS, MINERALS, ETC.

	May 4, '22.	Apr. 27, '22.	May 4, '21.
Gold, per fine oz.	93s. 2d.	93s. 3d.	103s. 3d.
Silver, per oz.	35¼d.	34¼d.	35d.
Iron, Sc'h pig No. 1 ton	£4.16.0	£4.16.0	£6.6.0
Steel rails, heavy ,,	£9.5.0	£9.5.0	£15.0.0
Copper, Standard ,,	£60.1.3	£59.1.3	£71.15.0
Tin, Straits ,,	£148.12.6	£151.7.6	£169.12.6
Lead, soft foreign ,,	£23.10.0	£23.17.6	£22.5.0
Spelter ,,	£26.18.9	£26.15.0	£25.10.0
Coal, best Admiralty ,,	28s. 6d.	28s. 6d.	*57s. 0d.

*Coal strike.

CHEMICALS AND OILS

Nitrate of Soda, per ton	£16.0.0	£16.0.0	£22.10.0
Indigo, Bengal per lb.	9s. 6d.	10s. 0d.	10s. 0d.
Linseed Oil, spot per ton	£44.5.0	£42.0.0	£27.10.0
Linseed, La Plata ton	£21.5.0	£19.10.0	£15.5.0
Palm Oil, Benin spot ton	£34.0.0	£33.5.0	£30.0.0
Petroleum, w. white gal.	1s. 5d.	1s. 5d.	2s. 4¼d.
Turpentine cwt.	81s. 0d.	85s. 6d.	107s. 0d.

FOOD

Flour, Country, straights ex mill 280 lb.	44s. 0d.	43s. 0d.	61s. 6d.
Wheat, English Gaz. Avge. per 480 lbs.	52s. 4d.	51s. 3d.	88s. 1d.
Wheat, No. 2 Red Winter N.Y. per bush.	158 cents.	153⅞ cents.	177 cents.

TEXTILES, ETC.

Cotton, fully middling, American per lb.	11.06d.	10.38d.	8.18d.
Cotton, Egyptian, F.G.F. Sakel per lb.	18.00d.	17.50d.	17.00d.
Hemp. N.Z. spot, per ton	£31.0.0	£32.0.0	£42.0.0
Jute, first marks ,,	£30.0.0	£29.0.0	£34.0.0
Wool. Aust., Medium Greasy Merino lb.	17d.	16d.	14d.
La Plata, Av. Merino lb.	13d.	12½d.	11d.
Lincoln Wethers lb.	8d.	7½d.	7¼d.
Tops, 64's lb.	56d.	54d.	39d.
Rubber, Std. Crepe, lb.	8½d.	8⅜d.	9¾d.
Leather, sole bends, 14-16lb per lb.	2s. 5d.	2s. 5d.	2s. 5d.

OVERSEAS TRADE (in thousands)

	Mar., 1922.	Mar., 1921.	three months 1922.	three months 1921.	
	£	£	£	£	%
Imports	87,879	93,784	233,709	307,712	— 24
Exports	64,581	66,809	186,063	227,787	— 18
Re-exports	10,154	8,888	28,787	26,847	+ 7
Balance of Imports	13,144	18,087	18,859	53,078	— 64
Export cotton goods	15,422	17,449	45,682	61,558	— 25
Expt. woollen goods	4,818	5,707	13,814	19,462	— 29
Export coal value...	5,785	4,282	15,015	14,078	+ 6
Do. quantity tons...	5,201	1,968	13,236	5,397	+145
Export iron, steel...	5,757	6,492	16,282	24,407	— 33
Export machinery...	5,882	7,300	16,318	21,758	— 25
Tonnage entered ...	3,238	2,866	8,723	8,328	+ 4
,, cleared	4,812	2,944	12,622	8,177	+ 54

INDEX NUMBERS

United Kingdom— Wholesale (*Economist*).	Mar., 1922.	Feb., 1922.	Jan., 1922.	Mar., 1921.	July, 1914.
Cereals and Meat	980	948	907½	1,212	579
Other Food Products ...	687	640½	654½	727	352
Textiles	1,038	1,037½	1,066½	1,030	616½
Minerals	700	696½	730	1,003	464½
Miscellaneous	892	936½	925½	1,125	553
Total	4,297	4,259	4,284	5,097	2,565
Retail—(Ministry of Labour)—	Mar., 1922.	Feb., 1922.	Jan., 1922.	Mar., 1921.	July. 1914.
Food, Rent, Clothing, etc.	182	186	188	233	100
Germany—Wholesale (*Frankfurter Zeitung*)	Mar. 1, 1922.	Feb. 1., 1922.	Jan. 1, 1922.	Mar. 1, 1921.	average 1913.
All Commodities	435	352	317	131	9.23

United States—Wholesale (*Bradstreet's*)	Apr. 1, 1922.	Mar. 1, 1922.	Apr. 1, 1921.	Aug. 1, 1914.
	$	$	$	$
All Commodities.	11.5317	11.6001	11.3749	8.7087

FREIGHTS

From Cardiff to		May 4, 1922.	Apr. 27, 1922.	May 4* 1921.
West Italy	(coal)	12/6	13/0	18/0
Marseilles	,,	12/0	12/3	16/0
Port Said	,,	14/3	14/3	17/6
Bombay	,,	22/6	22/6	23/0
Islands	,,	10/6	11/0	12/0
B. Aires	,,	13/9	15/6	20/0
From				
Australia	(wheat)	47/6	47/6	52/6
B. Aires	(grain)	30/0	27/6	45/0
San Lorenzo	,,	32/6	30/0	47/6
N. America	(grain)	3/0	2/6	7/0
Bombay	(general)	19/6	20/0	20/0
Alexandria	(cotton-seed)	11/0	11/0	13/6

*Nominal owing to mining dispute.

TRADE OF COUNTRIES (in millions).

Country.		Months.	1922. Imports.	1922. Exports.	+ or — Exports.
Belgium	Fr.	12†	10,054	7,147	— 2,907
Bulgaria	Leva	9†	1,900	1,000	— 900
Denmark	Kr.	2	102	80	— 22
Finland	Mk.	2	146	146	—
France	Fr.	3	5,267	5,369	+ 102
Germany	Mk.	2	24,800	29,000	+ 4,200
Greece	Dr.	1	159	83	— 76
Holland	Fl.	3	484	303	— 181
Spain	Pes.	12†	1,260	798	— 462
Sweden	Kr.	2	126	99	— 27
Switzerland	Fr.	12†	2,296	2,140	— 156
B. S. Africa	£	12†	53	61	+ 8
Brazil	Mrs.	12†	1,690	1,710	+ 20
Canada	$	1	52	47	— 5
Egypt	£E	12†	56	42	— 14
India	Rs	2	74.46*	68.22*	— 6.24*
Japan	Yen.	3	577	282	— 295
New Zealand	£	12†	43	45	+ 2
United States	$	3	692	862	+ 170

*Lakhs. 1921†

SECURITY PRICES

BRIT. AND FOREIGN GOVT.

		May 4, '22.	Apr. 27, '22.	May 4, '21.
Consols		58½	59½	46¾
War Loan	3½% ...	94½	94¾	87¼
Do.	4½% ...	96	95½	79½
Do.	5% ...	99	99⅝	87 1/16
Do.	4% ...	100½	100¾	95
Funding	4% ...	88½	87½	71⅜
Victory	4% ...	89¼	89½	79½
Local Loans	3% ...	66¾	66¼	71⅜
Conversion	3½% ...	77¾	76½	—
Bank of England		254	248	182½
India	3½% ...	68	67½	56½
Argentine (86)	5% ...	98½	99	93
Belgian	3% ...	74	73	56
Brazil (1914)	5% ...	70	73	56xd
Chilian (1886)	4½% ...	83	83½	74
Chinese	5% '96	89¾	90	82½
French	4% ...	33½	36	34½
German	3% ...	2½	2¾	5⅞
Italian	3½% ...	25	25½	26
Japanese	4½% (1st)	103	103	106½
Russian	5% ...	15½	16½	14

RAILWAYS.

Great Central Pref.	17¼	17¼	9½
Great Eastern	38	38¼	28
Great Northern Pref.	66	67	42
Great Western	96	97	69½
Lond. Brighton Def.	58½	58	42
Lond. Chatham	9¾	10	6
L. & N.W.	93	93½	72½
L. & S.W. Def.	27	27¼	21
Metropolitan	43	40	25½
Do. District	34¾	34⅝	15½
Midland Def.	61	61¼	45½
North Brit. Def.	17⅛	17⅛	11¾
North Eastern	95	94½	75½
South Eastern Def.	36½	35½	24
Underground "A"	6/6	6/6	6/9
Antofagasta	58½	59½	52
B.A. Gt. Southern	70	68	53½
Do. Pacific	46	46	39½
Canadian Pacific	160	160	141
Central Argentine	60	59½	51½
Grand Trunk	2	2	4½
Do. 3rd. Pref.	5	5	12½
Leopoldina	26½	27	20½
San Paulo	126	116½	129
United of Havana	57	57½	65

INDUSTRIALS, ETC.

Anglo-Persian 2nd Pref....	26/6	26/0	21/9
Armstrongs	16/3	17/6	17/6
Brit.-Amer. Tobacco	77/9	76/6	65/0
Burmah Oil	5⅞	5 29/32	7 1/16
Coats	63/0	62/0	45/0
Courtaulds	50/0	45/3	34/0
Cunard	21/0	21/6ex	17/6
Dorman Long	17/6	17/6	17/6
Dunlop	8/4½	8/4½	12/6
Fine Spinners	38/0	37/9	35/0
Hudsons Bay	6 13/16	7	6 11/16
Imp. Tobacco	59/0	58/0	48/0
Linggi	26/9	27/0	31/3
Listers	23/9	23/6	17/9
Marconi	2⅜	2 7/16	2 21/32
Mexican Eagle	3½	3 21/32	6⅜
P. & O. Def.	320	330ex	350
Royal Mail	94	98	85
Shell	5½	5⅝	6 1/16
Vickers	12/3	11/4½	13/0

STOCK MARKET LETTER

Two years ago, nobody cared a brass button about dividends. Clients had no compunction whatever in asking their brokers to buy them shares which were likely to improve in value, leaving the dividend-question out of it entirely. For, on dividends, income-tax is payable, while of profits, the speculative investor can take the lot, if any, as the lawyers say. The buyer's only contribution to the revenue is such stamp duty as may be payable to the Inland Revenue. And even this—but that is perhaps another story.

Markets continue to blunder along in somewhat haphazard fashion. Most of the steam has gone out of Home Rails. The medium-priced and gambling oil shares, dealings in which quickened the oil market into feverish activity at Easter-time, are now regarded with that eye of cold criticism which has a deadly effect upon buoyancy. The flatness of everything French—French Government Bonds, French Railway issues, rubber shares connected with Paris, and so on —infects to some extent other parts of the Stock Exchange. The observer may turn aside from the practical part for a moment to take note of the difference that there is between the comparative strength shown by non-political stocks and those which are influenced by the developments at Genoa. Speculation will probably vow, once again, that it will never concern itself again with stocks and shares in which politics play any part. Nevertheless, even here, confusion thrusts a spoke into the intention, for Helsingfors 4½ per cent. bonds have risen this week no less than 15 to 20 points on the announcement that Finland is going to pay her coupons in sterling, undoubtedly with the idea of clearing the way to the new issue of a Finland loan which, as advance rumour gossips, is to take the shape of 7 per cents. at 93.

The Mexican Eagle Company may be congratulated upon so swiftly securing success over its new issue of 7 per cent. Preference shares offered at 20s. 6d. For this result a good deal of thanks is certainly due to the rapid way in which Shell 7 per cent. Preference shares, issued not long ago at 20s., have risen to 24s. bid. Applicants for 100 Shell Preference received allotments in full, and the small man acknowledges gratefully enough that this proved one of the very few cases in which his attempts at stagging were eminently satisfactory. The investor who took up the shares can sell them at 4s. premium if he choose, and reinvest the money into the Eagle Sevens, though in doing this, he should recognize, of course, that the security is better in the case of the Shell than in that of the Mexican Eagle, in consequence of the wider-spread operations of the former company. Yet the new Mexican Eagle Preference are a good speculative investment, and, although there may be a rush of stag-selling at the opening of the market, the price will settle down to a premium.

The trail of the stags is still obvious in various cases. The French Railway loans, P.L.M., Midi, Orleans and Nord never got comfortably placed, and the consequence is that this week has seen something like a slump in the last three named. On the other hand, Whitehall Electric Preferences, with which underwriters were saddled to the tune of 92 per cent. (and 6d. commission) are picking up, and now stand at 18s. 9d., as against 17s., to which they dropped when the allotments appeared. The engineering lock-out has been of some negative use in the Stock Exchange in tempering the incipient, and probably premature, expectation of an early return to prosperity of the industry as a whole. Like that for rubber shares, the iron and steel trade has yet some way to travel before the proprietors of its stocks and shares can look for that return to abundant prosperity for which everyone devoutly hopes. The Budget proposals may assist the process, though the Stock Exchange has almost forgotten Budget details which have had so little effect upon everything except the now buoyant tea shares. JANUS

New Issues

United States of Brazil. 7½ per cent. (Coffee Security) Loan of 1922 for £9,000,000 in Sterling Bonds are issued of which £7,000,000 were offered here and £2,000,000 in New York. Issued to provide funds for the repayment of advances against coffee and for the general purposes of the Government. Payment of principal and interest will be made in London in sterling and in New York at the exchange of the day on London free from all Brazilian taxes. The loan is redeemable at par on or before October 1, 1952, by an accumulative Sinking Fund of 1 per cent. per annum to be applied yearly by purchase of bonds when at or below par, exclusive of accrued interest, or by drawings at par when above par. The redemption of the bonds by means of the sinking fund will begin on October 1, 1923; the Government reserves the right to redeem the outstanding portion of the loan on October 1, 1932, or on any interest date thereafter, at 102, on six months' notice. Barings, Rothschilds and Schroders invited subscriptions at 97. The loan is a direct obligation of the Government of Brazil and will further be secured by (1) the first hypothecation on about 4,535,000 bags of coffee, being the whole of the Government's stock of coffee, the value of which, on the basis of prices now current, has been certified to the bankers by the Brazilian Warrant Company, Limited, to exceed £13,000,000. The warrants for this coffee, and the insurance policies covering it will be deposited with the issuing bankers or their agents until the coffee is sold. (2) The undertaking of the Government always to maintain in the hands of the bankers a quantity of coffee the value of which at 80 per cent. of its current price together with the market value of any other security in the hands of the bankers shall be equal in the aggregate to the nominal amount of the bonds outstanding together with one year's interest. In order to control the sales of the coffee, the Brazilian Government has constituted a Committee of five domiciled in London. One of its members will be nominated by the Government, one will be a representative of the Brazilian Warrant Company, and one will be nominated by each of the three bankers. The Committee is empowered to sell in every year at least 453,500 bags of the coffee, out of the proceeds of which the amortisation of the bonds will be provided. The Committee is also empowered to sell in every year further coffee sufficient to provide the sums necessary to pay one year's interest on the bonds outstanding and warehouse, insurance, and other expenses due to the Committee. The Government has undertaken to pay out of its own resources the warehouse and insurance charges on the coffee warehoused in Brazil. The proceeds of the sales will be paid over to the bankers and the balance, after providing for the above-mentioned charges, will form a fund for the ultimate redemption of the bonds and will be temporarily invested in British Government securities or in bonds of this loan or, with the unanimous approval of the Committee, in the purchase of coffee. If however at any time there is in the hands of the bankers a sum sufficient in their opinion to redeem the outstanding bonds (and interest to become due thereon) the proceeds of the further sales of the coffee will be paid to the Government. Coffee seems at first sight to be a queer collateral for a thirty years' loan; but from the arrangements, detailed above, for the sale of coffee year by year, and investment of the proceeds in the bonds, it seems likely, unless the coffee market should be afflicted by some at present unthinkable cataclysm, that the life of the loan will not extend beyond ten years.

Mexican Eagle Oil. An offer for sale at 20s. 6d. was announced of 7,000,000 7 per cent. Cumulative First Preference Shares of 10 Mexican Gold Pesos, repayable at 21s. per share on April 30, 1947. Dividends will be paid in sterling only at the rate of 14s. per 10

shares per ann., which is equal to 7 per cent. on a nominal value of 20s. per share. The company has covenanted to pay each year, commencing with the year ending April 30, 1923, a sum equal to 4 per cent. of the total amount required to pay 21s. per share on the total number of shares now offered for sale. A letter from the President of the Company states that the purpose of this issue is to provide funds for capital outlays already made in refinery extensions, pipelines, etc., and for future developments, mainly in connexion with development of the company's properties in the district of Cazones and on the Isthmus of Tehuantepec. Earnings, gross and net, are shown for four years to June 30, 1921. "The profits of the six months ended December 31, 1921, are not yet fully ascertained, but will be considerably less than those of the corresponding previous period, due to the depressed trade conditions which have prevailed and still exist all over the world, resulting in lower prices having been obtained for the company's products, and to a decrease in the demand for such products. Nevertheless, it is confidently anticipated that the audited results will be such as will enable the company to pay dividends on its Preference and Ordinary share capital for the six months in question at a rate per annum not less than that paid for the fiscal year ended June 30, 1921." The assets of the company as at June 30, 1921, are set out in some detail, and are apparently valued as they stood in the books of the company. Whether these values are above or below present prices is not made clear. On the subject of liabilities little information is given except that the company has "no funded debt," and has given certain guarantees. It looks as if the dividend and sinking fund on the preference shares should be fully secured, barring accidents; but a preference share in an oil proposition has little attraction for investors and less for speculators.

Foreign News

Sweden. While the delegates of Europe are busy discussing economic restoration, and are laying down in their meetings counsels of perfection on free trade, Sweden is giving a practical demonstration of her scepticism as to the outcome of the Genoa diliberations in framing an anti-dumping bill. This proposal has already been passed by the Customs and Treaty Committee, twelve members voting in its favour and eight against it. The bill provides for special protection to be given to industries affected by the competition on the part of countries having a depreciated exchange. Exchange dumping in the sense of the bill arises when the exchange of a country expressed in Swedish kronor, if compared with the conditions prevailing in August, 1914, has fallen to a greater extent than warranted by the internal depreciation of the foreign currency, and when it is proved that, owing to the competition on the part of that particular country the home industry is losing ground on the Swedish market. A special Exchange Board is to be created to receive applications on the part of the industries demanding the benefit of the extraordinary customs rates, which may in some instances amount to 500 per cent. of the value of the imports. The board will have to examine whether the bill applies to the case submitted, whether the granting of the benefit of the increased duty would constitute the true remedy, or if other reasons can be rightly adduced for the depression prevailing in the particular trade. However, before coming to a decision the board would, according to the spirit of the framer of the proposal, have to review the position from a more general point of view, and particularly have to take into consideration the defensive counter-moves which the introduction of the higher duty might provoke abroad. Should the measure not be effective after the application of the exchange dumping rate the import restrictions and other embargos may eventually be resorted to. In any case, however, the passing of the bill, which, by the way, is to have only a limited duration, viz., until April, 1923, would entail the production of certificates of origin for all goods coming under its scope. For the moment it is difficult to express an opinion as to the ultimate fate of the proposal, as apparently the report submitted by the minority of the Customs Committee shows that there are serious reasons militating against its adoption, which would have a serious effect on the Central European trade. At the present moment, at any rate, there are signs of a certain relaxation of the German competition, as costs are increasing rapidly in the latter country, whilst the mark exchange is a little firmer than some time ago. On the other hand, manufacturers in Sweden recognize that costs and wages will have to come down, and accuse the Socialist Cabinet of extreme generosity as regards doles, creating a pleasant state of unemployment at the expense of the taxpayers, who are hard pressed to make both ends meet. Evidently an irony of fate wills that a government composed chiefly of Social democrats should have to promote a bill to restrict international intercourse at the very moment when the avenues of better world commerce are being explored.

Argentina. If the news cabled to the *Chicago Tribune* by its Buenos Ayres correspondent is to be relied upon, negotiations for a credit agreement between the Argentine Government and Germany are being held up by one of the Allied powers, apparently opposing certain stipulations as to the export of German goods to the River Plate, as she has not been able to keep up her agreed reparation deliveries. Argentina appears to be ready to advance to her 150 million pesos (m/n) for the purchase of foodstuffs, wool and hides, and even agrees to Germany re-exporting a part of these supplies to Russia in exchange for raw materials, if the borrowing country is able to ship immediately a number of iron and steel products, such as wire, agricultural implements, etc., representing about 40 million pesos in value. The incident, if reported correctly, points to implications of the Peace Treaty requiring ultimately closer consideration from an international point of view.

Belgium. The Commercial Secretary reports that the year 1921 has seen a really determined effort to improve the financial position of the country, although the three main obstacles to complete financial restoration, that is to say, the non-payment of German indemnities, the depreciation and fluctuation of the franc, and the reluctance of the population to bear their full burden of contributions, still remain to be overcome. The present financial situation is summed up as follows :—

(1) A heavy increase in the normal administrative expenditure, more or less balanced by an increasing and increasable revenue from taxation, both direct and indirect, which, although formidable compared with pre-war figures, is light compared with that of other countries. (The Belgian taxation is estimated at approximately 250 francs per head of the population, as compared with 510 francs in France, and 1,100 francs in England).

(2) A heavy public debt secured upon economic assets which have not only increased parallel with the debt in nominal value, owing to the depreciation of currency, but are becoming daily of greater intrinsic value.

(3) A fiduciary circulation which shows only a relatively slight tendency towards undue inflation, and which is in itself almost wholly the result of unavoidable circumstances arising from the war.

(4) A prosperous and well-organised banking system, and large public savings deposits; a flourishing market in industrial investment and Government securities, and a steady improvement in the value of securities on foreign markets.

It is safe to say that given a resumption of normal conditions and a reasonable prospect of recovery from Germany—in at any rate the same degree as other claimants —Belgium will be in as sound a financial position as any other European country. A certain amount of coolness, writes the Commercial Secretary, towards Great Britain on the part of the Belgian public generally has been

caused mainly by the exchange situation and partly by a feeling that Britain has concentrated her attention on Utopian schemes of European reconstruction, not entirely disinterested, to the exclusion of prior Belgian claims to financial and material assistance. This feeling is not diminished by the attitude of a portion of the French and Belgian press, and it must always be borne in mind that the advantages of language, literature, and geographical proximity incline the Belgian mind to favour the French point of view, not only in political but in economic questions, when it diverges, however slightly, from the British standpoint. For these reasons it is essential, if Great Britain is to recover her position in the Belgian market, that British manufacturers and business men should put themselves to some trouble to understand and appreciate the mentality of their potential clients in Belgium.

Company Reports

Brakpan Mines. A working profit, based upon the standard value of gold, of £224,907 was secured for 1921. To this should be added the "premium" derived of £265,339, making a total working profit of £490,246. The figures for 1920 were £206,221, a premium of £336,164, and a total working profit of £542,385. Upon the standard value for gold the working profit for 1921 would have been about 7s. per ton, which figure, after allowing for deduction of taxes, etc., and possible allocations for development, would leave little margin for dividends. The sum of £34,089 was brought in from 1920, £100,619 has been transferred from Gold Reserve Account, making with the profit of £495,546 a total available of £630,254. Government taxes and participation in profits absorbed £101,293, Development Suspense Account £49,492 and Funds appropriated for Capital Expenditure £180,000. Two dividends of 15 per cent. each were paid, requiring £255,000, comparing with a total of 45 per cent. for 1920 and 27½ per cent. in 1919. Working costs decreased by 2s. 4d. per ton milled, whilst the "standard" yield per ton was maintained at 36s. 5d. The expectation for the current year's yield upon the same basis is 33s. to 34s. per ton and once normal labour conditions are restored, the monthly crushing rate for 1922 should be about the same as for 1921. The ore reserves during the year were not maintained, declining from 2,526,517 tons of a value of 8.88 dwt. at December 31, 1920, to 2,423,230 tons of a value of 8.61 dwt. over a stoping width of 68.13 inches at the end of 1921. The manager's report calls attention to the expected early connexion of the present mine with the No. 3 shaft. This connexion is of great importance in the development programme and when effected will expedite the opening up of the Eastern and more promising area of the mine.

Nitrate Railways. The gross receipts for 1921 amounted to £498,407 and the working expenses to £503,902, the year's working resulting in a loss of £5,494. Adding to the balance of £100,430 brought forward, income tax recovered, balance of interest, etc., amounting to £53,378, a total is shown to the credit of net revenue of £153,809. Deducting from this amount taxes and Exchange Account totalling £63,335 and constructional expenditure of £21,275 there remains a balance of £63,704, which is carried forward. The gross receipts for 1920 were £1,009,940, working expenses £759,163, and with the £58,311 brought forward, interest, etc., £314,660 was available. Dividends of 7 per cent. were paid for 1920 on both the Preferred Ordinary and the Ordinary, neither of which receive any distribution for 1921. Traffic carried in 1921 was 40 per cent. less than for 1920 and the percentage of total working expenses to gross receipts 101.10 against 75.16. The Revenue Account is made up month by month at the collecting rate of exchange, the average rate for the year being 7⅜d. as against 12 7-32d. in 1920. With regard to a further increase in tariffs and the authorization of certain extensions "matters have not so far been definitely concluded" with the Chilean Government, but the directors "have every hope of their realization at no distant date."

Brazilian Warrant Company. This Company makes advances on coffee and other produce and its report is a good index of Brazilian conditions. Its net profit of £52,305 for 1921 is much better proportionately than the £34,000 secured in the preceding year, but is the second lowest figure in the present Company's history. With the £74,979 brought forward from 1920 a total of £127,285 was available in appropriation account, £50,000 of which, together with a further £50,000 from the reserve fund, has been utilized in writing £100,000 off investments in subsidiary and connected companies. The Preference dividend absorbs £35,000, the Ordinary dividend is passed for the second year in succession and £42,285 carried forward. Investments in subsidiary and connected companies now stand in the balance sheet at £544,827, a figure which, in addition to the present writing off, is after the utilization for a similar purpose in 1919 of £150,000 from the reserve fund, which has been reduced to £50,000. In view of this great reduction in the reserve fund the possible necessity of further writings off has an important bearing upon the Company's future. Beyond these investments there are also held "British Government and other Stock Exchange securities at cost" amounting to £261,481. Sundry creditors have risen £84,000 to £1,107,250, whilst sundry debtors have increased £178,000 to £1,695,670. The commercial and financial crisis was at its greatest in Brazil last year, and during the past four months considerable improvement has occurred in the trading position. If this should continue and an improvement in the exchange value of the milreis result, these factors would be reflected in the fortunes of the Brazilian Warrant Company. It is probably impossible, in existing conditions, to state the actual value of investments in subsidiary companies, but it is desirable that the actual market quotations of Stock Exchange securities should be given in the balance sheet.

Publications Received

Oil Facts and Figures. April. Fredc. C. Mathieson & Sons. 1s. 6d.
Organized Produce Markets. By John George Smith. Longmans, Green & Co. 12s. 6d. net.
The Bulletin of the Federation of British Industries. May 2. 1s.

Dividends

Anglo-Dutch Plantations.—No interim distribution on account of 1921.
Bells United Asbestos.—Final 1s. 6d. per share, making 10 p.c. for 1921.
Bombay Gas.—Final 4 p.c., making 8 p.c. for 1921.
Brazilian Warrant.—7 p.c. on Pref. for 1921.
Commercial Union Assurance.—Final 10s. per share, tax free, making 20s. per share, tax free, for 1921.
Cordova Land.—In view of present depression in live stock market in Argentine and uncertainty of outlook in immediate future it is not possible to make customary interim distribution upon Ord.
Ellawatte Tea.—Final 10 p.c. on Ord., making 15 p.c. for 1921.
Horden Collieries.—Interim 3 p.c.
Louise & Co.—Directors have been advised that no dividend can be declared until floating capital has been written down to exchange of day.
Niger Company.—Owing to the continued depression in West African trade, directors are not justified in declaring dividend on 8 p.c. Cumulative Preference.
Nitrate Railways.—Results of 1921 working do not allow distribution of dividend.
North British and Mercantile Insurance.—11s. per share for 1921.
Spring Valley Ceylon Estates.—Final 27½ p.c. on Ord., making 35 p.c. for 1921.

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